

Message Text

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TO AMCONSUL MONTREAL

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INFO AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: APUB, CA

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO CANADA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOL 4.1 MILLION TO DOMINION TEXTILE LIMITED
OF MONTREAL, CANADA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE
IN WASHINGTON, D.C. FOR A.M. PAPERS,
WEDNESDAY, OCT 2, 1974.

QUOTE: EXIMBANK CREDIT OF DOL 4.1 MILLION SUPPORTS
DOL 9,154,200 SALE OF U.S. TEXTILE MACHINERY TO CANADA

TO HELP FINANCE A DOL 9,154,200 SALE OF U.S. TEXTILE MACHINERY
TO CANADA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK
OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOL 4.1
MILLION TO FINANCE 44.8 PERCENT OF THE TOTAL U.S. COSTS,
ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT
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OF DOL 4.1 MILLION FROM BANK OF MONTREAL WILL FINANCE ANOTHER

44.8 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, DOMINION TEXTILE LIMITED OF MONTREAL, CANADA, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10.4 PERCENT OR DOL 954,200.

DOMINION TEXTILE IS PLANNING A LARGE EXPANSION AND MODERNIZATION OF THEIR TEXTILE MILLS WITH THE PRODUCTION OF A WIDE VARIETY OF TEXTILE PRODUCTS INCLUDING CLOTH, APPAREL FABRIC, UNDERWEAR, BLANKETS AND KNITTED FABRIC FOR INDUSTRIAL USE. A LARGE NUMBER OF U.S. SUPPLIERS WILL RECEIVE ORDERS FOR TEXTILE MACHINERY, EQUIPMENT AND FACILITIES.

DOMINION TEXTILE IS AN OLD WELL-ESTABLISHED CANADIAN TEXTILE MANUFACTURER THAT EMPLOYS SOME 12,000 PEOPLE AND OPERATES 31 MILLS IN CANADA. EQUIPMENT BEING FINANCED WITH THE PROCEEDS OF THE CURRENT FINANCING WILL BE USED IN 10 OF THE MILLS.

THE LOANS ARE TO BE REPAID IN 4 SCHEDULES OF 14 SEMIANNUAL INSTALLMENTS BEGINNING JAN 5, 1976, JUL 5, 1976, JAN 5, 1977, AND JUL 5, 1977, RESPECTIVELY. EXIMBANK'S DIRECT CREDIT OF DOL 4.1 MILLION IS TO BE REPAID OUT OF THE LAST 7 INSTALLMENTS OF EACH SCHEDULE AT AN INTEREST RATE OF 7 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT TO BE EXTENDED BY PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER OF ABOUT 8.58 PERCENT TO 8.83 PERCENT PER ANNUM. UNQTE KISSINGER

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